Ridler & Co

developing leaders, delivering results



Ridler Report 2011

TRENDS IN THE USE OF EXECUTIVE COACHING

June 2011

EDITOR'S INTRODUCTION

By Clive Mann, Editor of the Ridler Report



It is my great pleasure to introduce the 2011 Ridler Report.

The Ridler Report was conceived in 2007 out of a belief that well-researched investigation would help to cultivate better practices and understanding of senior level executive coaching.

The enthusiastic reception which corporate users of executive coaching in leading organisations have given the first three Ridler Reports (2007, 2008 and 2009) is testimony to:

- The continuing growth in demand for senior level executive coaching and its increasing importance within the portfolio of development options offered to senior executives – which itself reflects business leaders' increasing recognition that, to develop their leadership capability, they need first of all to understand *who they are* as leaders
- The emergence of a new generation of more sophisticated and demanding users of executive coaching (many of whom are trained and experienced executive coaches themselves) who are hungry for information and case studies on the executive coaching practices of other leading organisations
- The scarcity of detailed quantitative data and strategic analysis of trends in the use of senior level executive coaching
- The Ridler Report's exclusive focus on data from users of executive coaching, rather than from coaches

The 2011 Ridler Report provides fascinating insights into the state of play of executive coaching in leading organisations in the UK and internationally.

Evidence from the 2011 Ridler Report supports the view of executive coaching as a developmental intervention particularly suited to senior executives who are transitioning upwards in their organisations. Interestingly, we found that executive coaching is much more commonly used by senior executives who are well established in their organisations than by those who are in the early stages of transitioning into new organisations (see page 4) – an opportunity missed, perhaps?

It is illuminating to note the high value attributed to the Bespoke 360 as a supplementary service to senior level executive coaching (pages 10 and 11) and encouraging to see the increasing emphasis which users of executive coaching place on professionalism in their executive coaches, for example rigorous training and supervision (page 7).

I hope you find the 2011 Ridler Report useful in assessing and positioning executive coaching within your organisation. We very much look forward to your contribution to the next Ridler Report through completion of the questionnaire, which will be launched in the second quarter of 2012.



Clive Mann
Managing Director of Ridler & Co

What is the Ridler Report?

The Ridler Report looks at emerging trends in the use of senior level executive coaching, from the point of view of corporate users and commissioners of executive coaching. It is an ongoing biennial research programme carried out by the London-based senior level executive coaching practice Ridler & Co.

The Ridler Report's ethos is to be a service first to those companies who contribute to the research by filling in the Ridler Report questionnaire and secondly (and after an interval of time) to other users of coaching and indeed other coaches.

Ridler Report contributing companies are entitled to a tailored report which compares differences between their questionnaire responses and the rest of the market.

Ridler & Co still does not charge for the Ridler Report.

"The thing I like about the Ridler Report is that it is clear and concise, enabling the reader to focus very quickly on key trends in executive coaching. Other reports I have read tend to over-elaborate in terms of content leaving the reader unclear as to what the conclusions are. I particularly like the Ridler Report's tailored comparison of questionnaire results, which highlights differences between our firm's approach and the rest of the market."

Alastair Mitchell
Chief Operating Officer, UK, Linklaters

Contributors to the Ridler Report

All data in the Ridler Report is from organisational users of executive coaching, principally blue chip corporates, multinational professional service providers and banks. There is no data from coaching providers, which is one of the key factors giving the Ridler Report a distinctive positioning in the field of executive coaching research.

All data and charts presented in this report are taken from the 2011 Ridler Report questionnaire data.

Sixty-four leading organisations contributed to the 2011 Ridler Report research base by filling out the Ridler Report questionnaire. Contributing organisations include 3i, Aegon, AMEC, ARM, Baker & McKenzie, Barclays Capital, BBC, Bombardier, BSkyB, Bupa Health & Wellbeing, Compass, Dairy Crest, Deloitte, Deutsche Bank, E.ON, Ernst & Young, Fujitsu, John Lewis, KPMG, Linklaters, Maersk, Molson Coors, Old Mutual, PricewaterhouseCoopers, Qinetiq, Scottish Power, Société Générale and Thomson Reuters.

A fuller list of contributing organisations is included on page 14.

Use of the Ridler Report

The Ridler Report is written for busy corporate executives. Its succinct and clear style is designed to present readily assimilable messages on key strategic themes in senior level executive coaching. It is also built on an extensive base of research data which gives it rigour, statistical validity and real practical value.

Ridler & Co is pleased to note considerable anecdotal evidence that the Ridler Report is being used actively by its contributing organisations, including being presented at coaching steering committees and as evidence to drive some significant changes in those organisations' coaching strategies.

"I like the Ridler Report's condensed format which helps me to communicate clear messages from the report to Scottish Power's HR management team. The Ridler Report's reporting and analysis of trends in executive coaching has been the catalyst for some significant changes we have made in our executive coaching policies, particularly the centralisation of monitoring and evaluation of coaching across our company."

Pamela Malkin
Organisational Development Consultant, Scottish Power

The 2011 Ridler Report is the fourth Ridler Report (2007, 2008 and 2009 Ridler Reports are available at www.ridlerandco.com). We are starting to see fascinating longitudinal trends in the research data from four sets of questionnaires since 2007. There is not room in the packed 2011 Ridler Report to look in depth at these trends – instead the longitudinal findings will be written up over the coming months and made available to Ridler Report contributing organisations.

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AT WHAT LEVELS AND IN WHICH SITUATIONS IS EXECUTIVE COACHING MOST COMMONLY USED?

Seniority levels

When asked at which levels of seniority external or internal executive coaching is most used, the highest ranked responses were senior executive (subsidiary board director or country head, for example) at 51% and senior manager (head of function or manager of multiple teams, for example) at 50% (see Chart 1). Executive coaching was also in evidence at Group CEO / main board level, though at a lower level of incidence (34%).

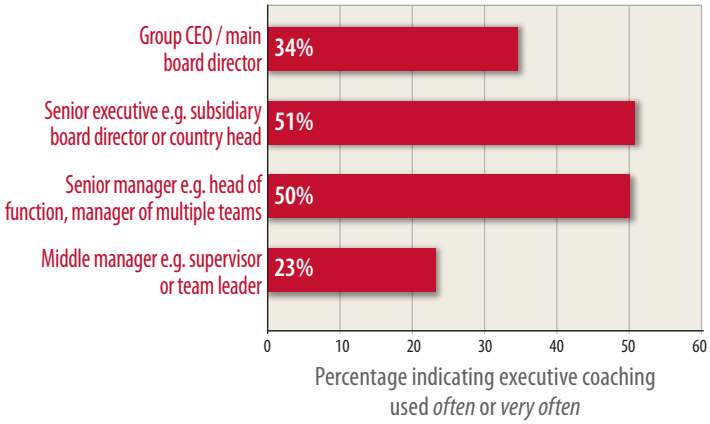


Chart 1: Executive coaching is most often used at senior executive and senior manager levels.

Executive coaching is perceived to give its highest returns at the same levels – senior executive and senior manager (see Chart 2).

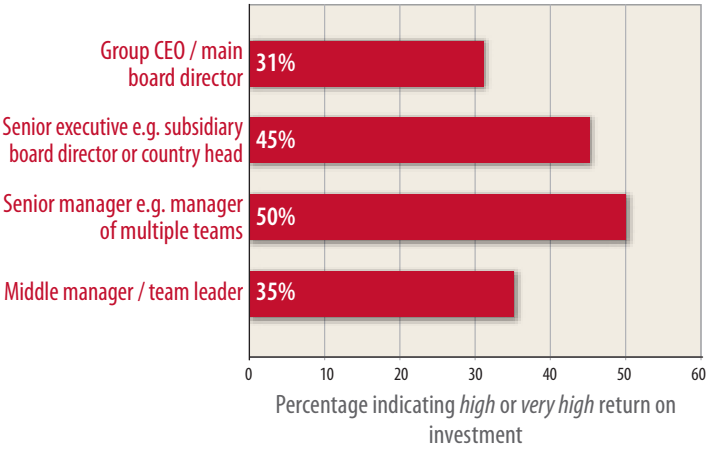


Chart 2: Return on investment in executive coaching is highest at senior manager and senior executive levels.

Buyers perceive senior leaders just below main board level to be often more receptive to trying new leadership approaches, in the belief that what makes them successful today may well not be the same as what will make them successful in the future, at more senior levels. Such leaders can sometimes be apprehensive about asking for internal "sounding board" help after a promotion – they often find it more acceptable to ask for external coaching. In terms of age and maturity they are often at the right stage of their careers and lives to be able to use effectively the reflective space offered by executive coaching.

Executives who have already achieved main board status can be seen as pressed for time and needing a very compelling reason to take up executive coaching. Rightly or wrongly, in some organisations they are seen as more likely to adopt a "Why change? I'm already successful" mentality.

Situations leading to coaching

When asked which kinds of situations were most likely to lead to executive coaching, internal promotions (60%) and leadership development programmes for top talent (56%) were the two most frequent responses (see Chart 3). The data suggest that executive coaching is especially suited to "rising stars" who have already achieved senior positions. It is used less for established CEOs and main board directors who wish to have an ongoing sounding board.

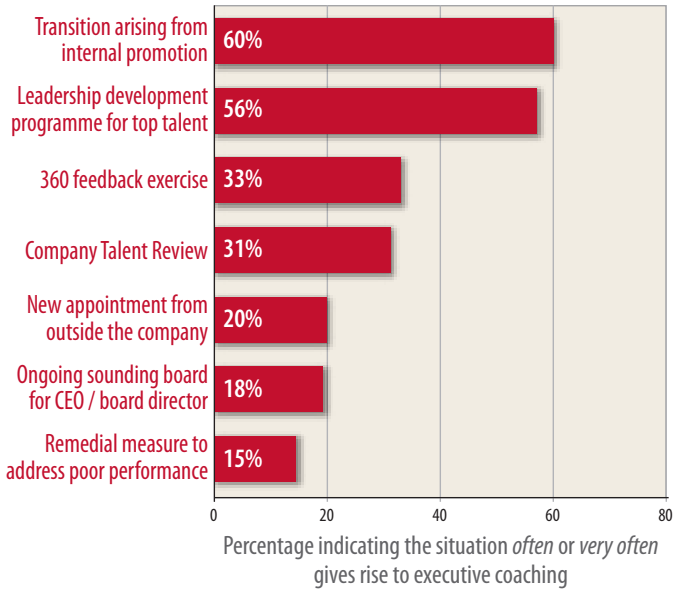


Chart 3: Senior level executive coaching most often arises from internal promotions and top talent leadership development programmes.

"At Dairy Crest we focus our external coaching resources on talented senior executives, often in our director population (the level just below main board), who have the potential for significant further career advancement. Such individuals are identified through our annual talent review and succession planning processes. They typically embark upon executive coaching around two years before their promotion is expected."

Sue Blight
Head of Learning and Development, Dairy Crest

It is striking to note the relatively low level of use of executive coaching for new appointments from outside the company – a group which faces the real risk of cultural and organisational derailment in their first six months, after the expensive recruitment process. Are companies adopting too much of a "sink or swim" attitude to external hires and could more be done to support this vulnerable and valuable group?

Two sides of the same coin?

Internal and external coaching are used in combination by 95% of Ridler Report contributing organisations, some of whom have had a highly developed internal coaching infrastructure in place for a long time. Many are currently in the process of developing and expanding their internal coaching capability.

Internal coaches are valued for their understanding of their organisation, meaning they can cut through the need for the coachee to explain to their coach how things work in their business and so get to work more quickly and deliver in less time. Internal coaching is also perceived as a key contributor to the development of an organisational coaching culture.

"KPMG has a well developed internal coaching infrastructure, which includes employing a number of full time executive coaches. At KPMG we view internal and external executive coaching as essentially two sides of the same coin. For KPMG it is important to match coach with coachee and as such there are no hard and fast rules for when to engage an external coach. Sometimes an external coach will be more appropriately matched because of the value of their external perspectives gained working with a variety of senior leaders outside KPMG. Other times an external coach may have a particular coaching approach which would be relevant for a coachee. There are also times when we use our external faculty in a more general sense to meet resource demands for coaching programmes."

Clare Allen
Lead Coach for Tax and Pensions, KPMG

Cost efficiency

Cost efficiency has undoubtedly been a significant driver of the growth in internal coaching. Given the growing use of coaching in organisations it is not feasible for everyone being coached to have an external coach.

Chart 4 below shows how an external coach is not always the preferred route for senior leaders. The more senior the coachee the more likely an external coach will be used. However a significant minority of contributing organisations use internal coaches to work with main board and senior executives.

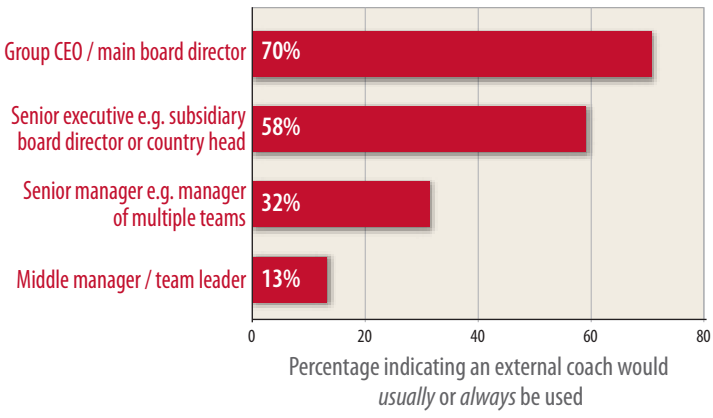


Chart 4: The more senior the coachee, the more likely an external executive coach will be chosen.

Why go external?

In many organisations senior leaders are given the choice between an internal and an external coach. Where an external coach is chosen, buyers of coaching tell us that it is not usually because of a belief in the higher quality of the external coach, nor because there are any concerns about the integrity of the internal coaching process.

Buyers of coaching highlight the importance of the external coach's separation from the coachee's organisation as a highly influential factor when senior leaders choose an external rather than internal coach.

"Our most senior leaders at a regional level usually prefer to engage an external coach rather than an internal coach. The external coach's separation from our organisation means the coach is perceived as being more objective. In addition, their long-standing professional expertise in coaching and psychology is reassuring to the coachee as the coach is perceived as bringing an in-depth understanding of the process of change to support the work of shifting patterns which may have been in place for a number of years."

S. Susana Elvira
Regional HR Director. Maersk Line

In some organisations there is an inherent status issue between the most senior leaders and less senior employees who work as internal coaches, which is obscured in the relationship with an external coach.

Senior leaders, who may want to discuss sensitive details of organisational strategy or internal politics, value the greater perceived "safety" of a coach from outside their system. Boundaries seem more secure, for example because they will not see the coach in any other context.

Senior leaders also value the external perspectives which the external coach brings and their ability to challenge the organisation's implicit assumptions.

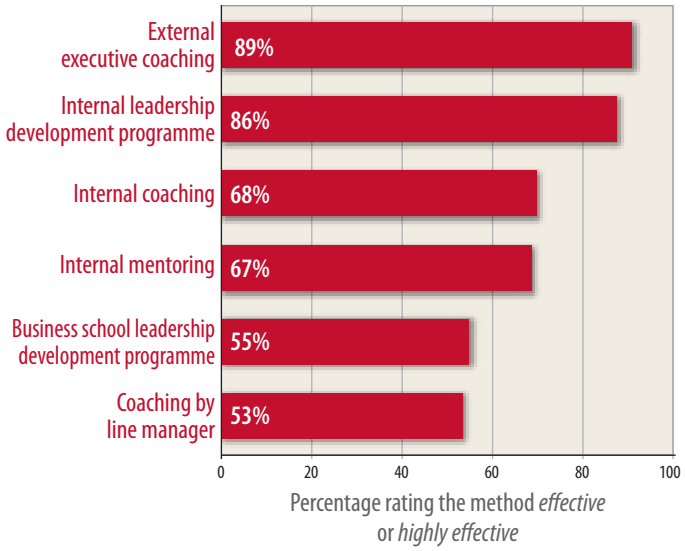


Chart 5: Perceived effectiveness of various methods of developing leadership capability in senior executives.

AN OVERVIEW OF ERNST & YOUNG'S COACHING JOURNEY AND STRATEGY

In many ways Ernst & Young's coaching journey reflects the development of coaching in the industry as a whole. This feature gives a brief overview of that journey and explains the key elements that have informed the strategy adopted.

ERNST & YOUNG
Quality In Everything We Do

Coaching as a way of developing Ernst & Young's people has always been a key element of the firm's culture. However, historically it had not been formalised, with a variety of external coaches being employed and a range of conversations taking place internally. In both cases these conversations ranged from excellent to ineffective.

In 2007 Ernst & Young completed a formal review of coaching, including an analysis of current and future state. The first action was to formalise its use of external coaches, setting out expectations in terms of experience, qualifications, supervision etc and going about a formal selection process to establish a register of twenty-seven individuals.

Ernst & Young thinks of coaching at three levels (in italics below), based on the coaching spectrum (Lincoln 2006), as follows:

- External coaches are used for those individuals where an external view provides a greater possibility of new perspectives (across a range of industries for example). External coaches are also used where a particular skill (i.e. a psychological background) is appropriate that is not available from within the internal team. Typically this coaching will be at the level of *transformation*.
- Internal coaches are available for the rest of the population, in particular those going through transition i.e. new partners and those moving into a new leadership role. This group of coaches also focuses on individuals who are preparing for partnership. Coaching by this group covers both transformational and *developmental* coaching.
- Manager as coach. This is the largest population and the intention here is that over time, anyone who is managing others will have a basic understanding of coaching and will adopt a coaching style, as appropriate, in their interactions with their teams. Coaching at this level tends to cover the acquisition of *skills*.

One key feature of Ernst & Young's strategy that differs from other organisations is that internal coaches were selected from both the learning and development team, but also client-serving partners from within the business. The selection of client-serving partners was seen as a key element of embedding a coaching culture within the firm. These partners are role models and their selection made it clear that coaching was important to the business, and that coaching was not just something the firm does internally with its people, but that by adopting a coaching approach with its clients the firm was likely to be seen more as a trusted advisor rather than an expert who was only capable of delivering a narrow range of services. In practice, fewer partners have managed to combine coaching with client roles than the firm wanted but this is an area the firm is currently considering how to improve. Clients want the firm to flex how it works with them; they have consistently fed back that they want Ernst & Young to listen to what they say, help challenge their thinking in a constructive way and co-create solutions as an equal. This is what a good coach does.

Choice of internal or external coaches?

At an organisational level there is always a choice as to whether the firm should use an internal or external coach. There has been a trend in the firm to move away from a reliance on external coaches towards internal. The reasons for this are as follows:

- Internal coaches have a better understanding of the organisation and hence the system in which the coachee operates. This means that the coachee does not have to spend time explaining these matters and the conversation moves to the key issues faster.
- Those internal coaches who are partners are immediately credible in the eyes of the coachee. Whilst all Ernst & Young's external coaches have a range of business experience, which is crucial, they do not have the direct experience of being a partner in the same organisation. This allows for rapport to be created very quickly and again can lead to fast results.
- On a practical basis, it is much easier to manage the logistics of coaching sessions, particularly when they can be subject to last minute changes due to client commitments.
- The marginal cost of using internal coaches is lower than external. During the recession this factor became even more important as coaching budgets came under pressure.
- Finally, using an internal coach is more supportive of developing a coaching culture across the organisation as people are coached by their peers rather than an external "expert" who has been brought in.

That said, Ernst & Young is still investing in external coaching where it doesn't have the internal expertise (as outlined above) or capacity. An example of this is the maternity coaching programme that has been completely outsourced to an external provider.

The way forward / future development

Coaching is now firmly established within Ernst & Young as a key way of developing both its people and client relationships. Indeed, the biggest challenge now is to meet the increasing demand for coaching as awareness of its efficacy increases. The firm is currently looking at ways to meet this demand in a way that supports improving business performance in a cost effective way.

The other key challenge for the firm (and the rest of the industry) is to be able to explain and demonstrate the return on coaching investment. Whilst feedback is captured and coachees are asked to describe the business benefits of their coaching, there is a constant demand to "prove" the impact that coaching has on the bottom line. Much has been written on this in recent years; however it is unlikely that there will be an answer that can be subject to audit. However, the firm does need to get better at this if it is to continue to grow and support coaching.

WHAT CHARACTERISTICS DO BUYERS LOOK FOR IN THEIR EXTERNAL EXECUTIVE COACHES?

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Personal chemistry

The buyer's personal chemistry with the coach was the highest rated characteristic looked for in an external executive coach, at 76% (see Chart 6 opposite). This raised the interesting question of what exactly buyers of coaching mean by "personal chemistry". The quotes by Bupa and Société Générale on this page give some indication of the diversity of meanings ascribed to the term.

"When I meet a potential Bupa coach I wonder if I would want to work with this coach myself and whether they would work well with a typical Bupa senior executive. The coach needs to be culturally compatible with Bupa but I want to see a bit of "edge" too. The coach needs to be able and willing to challenge the uncomfortable things that people on the inside of our organisation may not be prepared to confront."

Keith Stopforth
Head of Talent, Learning and Development, Bupa Health and Wellbeing

Some broader themes emerged from telephone interviews with contributing organisations about the component parts of personal chemistry, as follows:

- The relationship between coach and buyer is dependent on making a personal connection. In this respect the coach's capacity to listen effectively and build trust with the buyer is a prerequisite.
- It is about the buyer having confidence in the coach as a credible and capable professional.
- Business expertise is crucial in building initial credibility with the buyer. This may well come from the coach's business career prior to being a coach (see Chart 6 opposite).

"As a buyer of external executive coaching for Société Générale, when I meet a coach for the first time I am not only looking to assess their background, professional standards and coaching experience. I also notice many subtle personal characteristics which contribute towards 'personal chemistry' between two people. Such characteristics include listening capacity, sincerity and openness. I need to feel I would trust them as a professional coach. I notice their energy levels and self-confidence. I definitely want to work with coaches who love their job as a coach. I value a coach's ability to express themselves clearly and convey a sense of honesty. It is very important to me that a coach shows a capacity for awareness of self and others. The fact that a coach has followed personal therapy is very important (I do not ask a direct question about this when I meet the coach but coaches often refer to this). I notice how a coach presents him / herself and look for clues regarding whether they would be both assertive enough to set and maintain the coaching 'frame' and manage boundaries with a client, yet also have the skill and humility to follow their client's dialogue sensitively and carefully. I reflect on my overall impression of how the coach would handle the human relationship in the coaching room. From all these factors I form a global impression of the coach which is important in helping me make a decision about whether they would be effective as a coach for Société Générale."

Guillaume Prate
Coach interne et Responsable de Coaching, Société Générale Groupe

Coaching professionalism

Buyers are looking for high professional standards in their external executive coaches. Supervision is seen by buyers of coaching as a central indicator of professional standards and professional commitment without which more and more buyers would not even consider a coach. Rigorous coach training is highly valued in external coaches as it gives buyers an indication that the coach's profession is more than a "retirement hobby" (although there is an acceptance among many buyers that experienced coaches who established their reputations long before coach training programmes were widely available are not expected to go back and complete an introductory training).

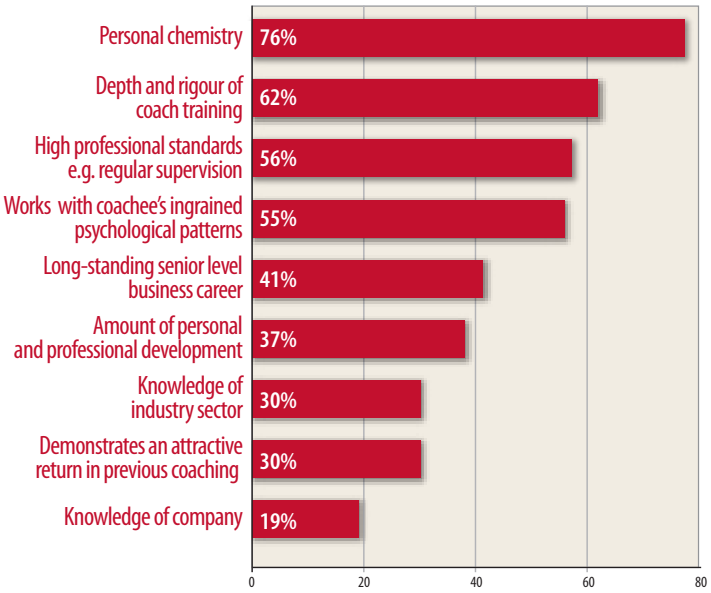


Chart 6: Buyers rate personal chemistry and high professional standards as particularly valued characteristics in their external executive coaches.

Further interesting points

- The ability to work insightfully with coachee's ingrained psychological patterns ranks highly (55%), though this remains a controversial area for some buyers. Buyers of coaching acknowledge the relevance of the coach's thorough understanding of and expertise in the personal and behavioural change process as it relates to senior people in the business world. The debate focuses on the depth of intervention which is possible (or desirable) in a coaching assignment.

- Knowledge of the buyer's company (19%) and sector (30%) do not generally rank highly on the list of buyers' requirements (except in the legal sector where, according to Ridler Report data, specialist industry sector knowledge is sought after in coaches).

- The coach's ability to demonstrate an attractive return on previous coaching assignments (30%) does not rank highly in what coaching buyers are looking for, reflecting the acknowledged difficulty of demonstrating a return outside the confidential context of the coach, coachee and coachee's boss.

WHAT SKY LOOKS FOR IN ITS EXTERNAL EXECUTIVE COACHES

One to one executive coaching programmes are part of Sky's senior leadership development and succession planning for high performing and high potential leaders.

Sky has adopted the School of Coaching's definition of coaching, which is "the art of facilitating the learning, development and performance of another." Sky acknowledges a coach's background and experience are relevant in a coaching relationship. However, it looks for coaches whose approach is based on facilitating the thinking of their client rather than sharing their own experience or giving advice.

Reflecting on their coaching activity over the past one to two years, Sky has tended to use coaches that have strong business backgrounds and a more directive, challenging style, rather than a purely psychological background and quieter approach to coaching conversations. One reason for this is that it has been easier to promote (within Sky) coaches with an understanding, interest and experience in business.

For more information about the coach strengths and styles that Sky uses for matching decisions, see the May 2011 issue of *Coaching at Work* magazine.

Coaching professionalism at Sky

Sky looks for a strong foundation of three attributes in its coaches:

- Training and Accreditation
- Ethics
- Supervision.

Training and Accreditation

There isn't one preferred training body or qualification that Sky looks for. However Sky believes it is important that coaches can show evidence of a substantial period in their career committed to learning and growing their knowledge in coaching.

Sky has noticed most credible coaching qualifications take from nine months to two years and are usually accredited with either a university and / or a professional body such as the ICF or EMCC.

Rebecca Grace, Talent Development Consultant at Sky says *"We ask our coaches what they think is the biggest influence on their coaching practice from their training and want to see evidence of this. In our assessment process we want to hear about learning journeys, what areas they like and use and what areas they tend not to use. This was interesting for us because we learned about different training providers and models of coaching we weren't so familiar with."*

Ethics

In a coaching contract there will be three to four parties involved – coachee, coach, line manager and Talent Development / HR. Sky is very clear with all parties involved that the end goal and development objectives should be agreed at the outset between all parties and that progress is measured at the end of the coaching programme against these objectives – but that the content of the coaching and the conversations which happen within the coaching relationship, are confidential.

In the assessment of potential external coaches Sky is keen to find out how coaches might handle "tricky situations" when working with their client and the organisation. Such situations might include when the agreed objectives of the coaching programme change, for example a coachee who decides to leave during a coaching programme.

Sky relies on its coaches not to continue a coaching programme if the coachee decides during their coaching programme to leave the organisation or where (as in this case) the outcomes of the programme are no longer focusing on original objectives.

Naturally Sky does not expect the coach to inform the organisation of a coachee's decision to leave and breach trust and confidentiality. However it hopes coaches won't continue a coaching programme and instead propose a three way meeting to re-contract around new objectives and/or encourage (and coach) the coachee to have the appropriate conversation with the business themselves.

Another "tricky situation" could be when the coaching material goes beyond the skills and expertise of the coach, for example moving into the realms of psychotherapy (if this is not their training). Sky needs to be sure that their coaches are aware of the boundary between operating within their skills and training and operating beyond their capability. Sky trusts their judgement to refer to a specialist. Sky expects its coaches to subscribe to an ethical code. APECS, EMCC, ICF and Association for Coaching are all included among the acceptable ethical codes.

Supervision

Sky believes strongly in the benefits of supervision, namely the maintenance of professionalism in coaching practice and the support and nourishment for the coach. Grace says *"One to one supervision is something we insist all coaches receive. Sky asks who coaches talk to and how often."*

The loose rule of thumb that Sky follows is one hour of one to one supervision for every eight to ten hours of coaching. In addition to one to one supervision, group supervision is encouraged for internal coaches, though not as a substitute for one to one. Sky prefers that coaches' supervisors are qualified coaching supervisors rather than experienced coaches acting as a peer coach. Most of Sky's coaches do have a qualified coaching supervisor but there are a few coaches on their Preferred Supplier List who use peer supervision with a more experienced coaching colleague.

Grace says *"In an industry that is quite unregulated supervision is a way of ensuring coaching practice is being reviewed and regularly shared with a qualified supervisor"*.

How does Sky assess coaches?

Sky's assessment process includes a detailed application form, an interview and a one hour coaching demonstration that is filmed.

Grace says *"We did get lots of pushback from coaches who didn't want to 'jump through hoops' but we are very proud of our assessment process"*.

Jonathan Males, an executive coach from Irving Allan who went through the assessment process, said *"Overall it was a pretty good process. The written aspect was time consuming but worthwhile. I am currently in the process of joining APECS and in effect it's very similar."*

As Sky considers reviewing and refreshing its group of preferred coaches later this year, lessons and successes from the first time they ran the assessment will be considered, alongside Sky's forecasted direction of coaching – which includes looking for specific skills around team coaching, as Sky considers aligning coaching with projects and project teams.

65% of Ridler Report questionnaire respondents consider the challenge of demonstrating an adequate return on investment in coaching to be a "concern" or a "major concern" (Chart 15, page 13) – the second most serious concern listed in Chart 15.

The individual and organisational payoffs of executive coaching are typically evidenced by changes in leadership and top team effectiveness. This can be experienced or observed but not usually evaluated financially in a way which would convince a sceptical Chief Financial Officer. For example, one may witness the positive impact, following executive coaching, of a senior executive's deft influencing of stakeholders which wins main board support for a key strategic proposal. But how can one put a financial value on this phenomenon?

It may be clear to many Learning and Development Directors and coachees that better leaders give better business performances which result in superior financial results, but the question remains – how do commissioners of executive coaching pro-actively evaluate the return on investment in coaching?

Chart 7 shows that qualitative and subjective measures generated in the immediate microcosm of the coaching assignment are the measures most commonly used – that is coachee satisfaction ratings (63%), subjective evaluation of coaching outcomes against coaching objectives (62%) and coachee's boss's satisfaction (50%).

The Ridler Report's findings mirror Ridler & Co's professional practices with its own senior client base, where the process of evaluation typically starts with a three-way meeting between coach, coachee and coachee's boss at the end of the coaching assignment. This approach relies on the organisation's engagement throughout the coaching assignment, usually through three-way meetings with the coachee's boss.

"Executive coaching is about development and for most organisations there is a desire to measure the impact of that development upon the individual and to show a return on investment too. At Deutsche Bank we set objectives between coach, coachee and the coachee's line manager at the outset of the coaching relationship and measure change in the coachee against these objectives at the end of the assignment. For us this helps to maximise the transparency of our investment in coaching and evidence success for the individual."

Talent and Development, Deutsche Bank

Chart 7 shows that quantitative measures are also used to evaluate coaching – often as part of the subjective evaluation of coaching outcomes against coaching objectives. Pre and post coaching change in business results is the commonest quantitative measure, followed by change in 360 scores, performance appraisal rating, staff satisfaction and employee engagement.

During the Ridler Report research we have come across a small number of organisations who have gone further than one-off evaluation measures, applying sophisticated evaluation techniques, such as the Kirkpatrick four level model, to evaluate whether the learning from the coaching is used beyond the end of the coaching assignment. One such organisation is Molson Coors. Tony Denton, Learning and Development Manager, describes Molson Coors's experience.

Molson Coors case study

Developing people is one of Molson Coors's four strategy cornerstones. For the last five to six years the company has placed more emphasis on developing its people, including executive coaching for its senior leaders. It has also undertaken to measure carefully the benefits for the business.

The organisation faced an initial challenge to demonstrate the return on investment on its learning and development spend and responded by engaging consultants to implement an ROI measurement framework based on a combination of Kirkpatrick and Jack Phillips methodologies. The framework involved four sets of measures for evaluating executive coaching (and other forms of learning and development spend):

1. Did the learner like it?
2. Did the learner learn anything?
3. Is the learner still using the learning?
4. How is the business benefiting from the learning?

Tony Denton explains *"The most important part of the evaluation project involved the learner reflecting back on the learning three months after the end of the executive coaching assignment, evaluating how they had applied the learning and how the business had benefited. This produced great data and helped convince the Board that the corporate budget for executive coaching and L&D was being invested well."*

With the benefit of their experience on this evaluation project Molson Coors has been able to link directly recent significant improvements in its people survey scores to its people development initiatives, including senior level executive coaching.

The Molson Coors Board has now developed sufficient confidence in executive coaching to continue investing in it without requiring ongoing detailed evaluation data.

In summary, Molson Coors took the decision up-front to make a substantial investment in developing its people, including executive coaching for its senior leaders. There is now a powerful consensus within the company that this investment has been a major contributor to the company's current impressive financial results.

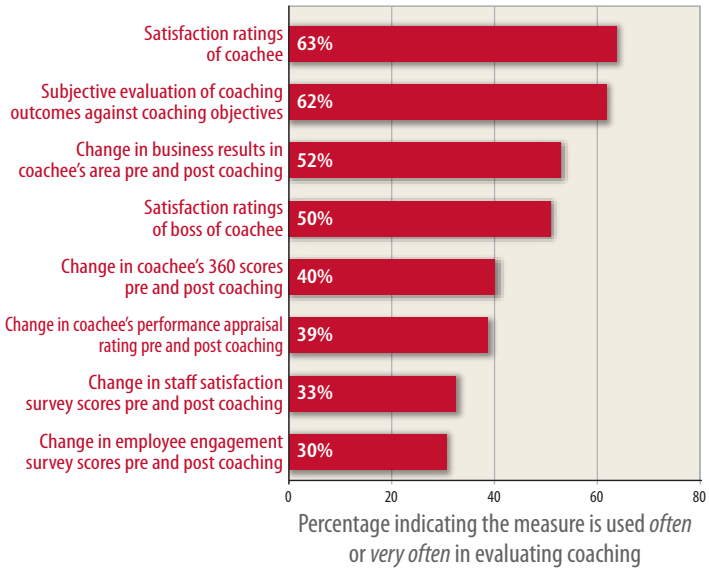


Chart 7: Return on investment in executive coaching is most often evaluated subjectively by the coachee and their boss.

THE BESPOKE 360 IS THE MOST HIGHLY VALUED SUPPLEMENTARY SERVICE FOR SENIOR LEVEL EXECUTIVE COACHING

Over recent years Ridler & Co has seen an increasing trend among its CEO, board director and senior executive clients to request a Bespoke 360, usually as an integral part of their coaching assignment, occasionally as a stand-alone exercise supported by coaching.

Chart 8 shows that the most highly value added supplementary service to senior level executive coaching is the Bespoke 360 (69%).

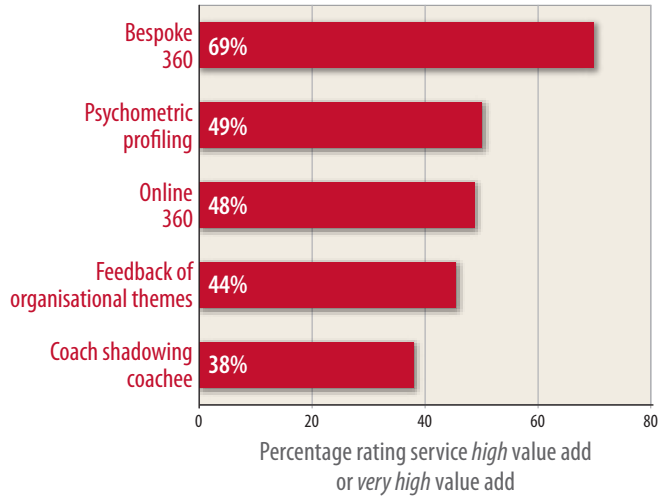


Chart 8. The most highly value added supplementary service to senior level executive coaching is the Bespoke 360.

It is widely accepted that the more senior the leader, the less likely they are to receive accurate feedback from their colleagues and direct reports. When they do actively seek feedback Ridler & Co has found that they value the more in-depth feedback on specific areas of interest that a Bespoke 360 can offer, compared to on-line 360 exercises. On-line 360s typically score from one to five on predetermined questions which may or may not be relevant to the individual senior leader. The small number of open questions in an on-line 360 usually elicit just a few lines of feedback per respondee, which may not be enough to articulate the issues raised in sufficient detail to be really clear.

"The Bespoke 360 process adds considerable value to a coaching assignment because it targets the particular areas the coachee wants to know more about. This can give richer and better informed feedback than an on-line 360 exercise. The clear "diagnosis" of a Bespoke 360 means the coachee can quickly identify issues to work on which will really help them and the organisation."

Tracey Bray
Talent Manager: Executive Coaching and Development, AEGON UK

Ridler & Co has developed its own proprietary Bespoke 360 process which our clients tell us adds significant value. The process involves carefully tailored questions, asked in thirty minute telephone interviews, with typically a dozen or more interviewees. Telephone interviews offer the chance to focus the questioning on areas of special interest to the coachee. The interviews are written up in a report consisting of high quality verbatim feedback.

Ridler & Co's clients have found that the in-depth feedback contained in a Bespoke 360 is useful in helping them to understand more clearly the leadership issues they are facing. Such feedback can be especially beneficial in cases when there is resistance by the coachee to taking on board certain challenging messages. Ridler & Co's clients have sometimes had life-changing messages from their Bespoke 360s (including, occasionally, challenging but invaluable feedback about paths that interviewees believe the client may not be suited to follow). Why do some of Ridler & Co's clients still carry around with them, and read regularly, the Bespoke 360 reports they commissioned years ago? The interview below gives some insights.

A senior leader's personal experience of the Bespoke 360

An Executive Committee member in a well-known listed company instructed Clive Mann, Managing Director of Ridler & Co, to carry out a Bespoke 360 early on in their coaching assignment with Clive. This individual talks below to Clive about the experience.

Clive: How did you come to commission a Bespoke 360 report?

Client: Three to four sessions into my executive coaching, I was intrigued to find out what my colleagues felt was good and bad about my leadership style. I knew I wanted to become a better leader and the Bespoke 360 seemed to offer a way to find out what I needed to work on.

How did the Bespoke 360 help you to do this?

Work colleagues invariably don't tell you what's bad about you – nor usually what's good about you either, for that matter. So there was quite a bit in my 360 report that I simply had not heard about myself before. The Bespoke 360 process is robust and confidentiality is designed into the process, which helped interviewees to say things to you, as my coach, which they would not have said to my face, which is exactly what I wanted.

"Work colleagues invariably don't tell you what's bad about you – nor usually what's good about you either, for that matter. So there was quite a bit in my 360 report that I simply had not heard about myself before."

What were the key features of the Bespoke 360 exercise which added the most value for you?

The 360 report consisted of 100% verbatim feedback. By reading the words in the report I could picture my colleagues saying them to me and I could think OK, is that a fair reaction to how I am? There were no interpretations of the feedback in the 360 report, which was critical. It left me free to develop my own understanding of what the feedback meant, with your support and the support of one or two carefully selected work colleagues in whom I confided. I liked the detail and quality of feedback in the 360 report which was so much richer than filling in forms in an on-line 360 exercise. In the Bespoke 360 you asked each interviewee carefully selected questions, based on your understanding from our coaching work of what I needed to work on. I think it was helpful that the 360 interviews were by telephone which is anonymous and clinical as a method and really easy administratively for interviewees.

How did you decide who to include among the 360 interviewees?

Naturally I wanted a mix of my bosses, peers and subordinates. I asked thirteen people in total which I think was about the right number. I made a point of including people who I felt didn't like me, as well as those who did. I asked them all before the interview to be as honest and frank as they could be in discussing my strengths and weaknesses. I included as an interviewee one person I did not work with who had known me for a long time in a personal capacity. This was helpful because I could then compare my non-work psyche against the work environment. I also included a boss from a previous company which helped me to understand if my impact in my current organisation was different compared to previous organisations.

What particularly interested you about the feedback you received?

I was very interested in the feelings I evoked from my colleagues, both peers and reports, through our day-to-day interactions and how this impacted on our working relationships. The 360 feedback helped me to understand much better the impact of my management style on my direct reports.

Were there any surprises?

The bits that surprised me most were the good bits – I thought wow, unbelievable, do you really think that?

What was the most useful aspect of the 360 feedback?

One of my colleagues offered me in the report a great metaphor which really crystallised my understanding of the way my personality can change under pressure and it helped me to manage this aspect of my personality in a much more conscious and active way. A couple of years on, I still find it helpful to read my 360 report and reflect on the feedback, often with a smile on my face. In the end it was a valuable and strangely pleasurable experience.

"The Bespoke 360 was a valuable and strangely pleasurable experience."

Did the Bespoke 360 exercise help you to be more effective in your role?

By commissioning the 360 exercise I think I demonstrated to everyone that I was absolutely willing to be criticised and people respected me for that. I used the feedback to make some small but significant changes in the way I managed a number of work relationships.

How did your colleagues feel about being asked to give you feedback?

Everyone was fine about it. My team appreciated that they had a boss who was trying to listen, trying to get better. At least one of my bosses respected highly the fact that I was brave enough to ask for feedback and was impressed with my seriousness in wanting to become a better leader.

What support did you need to make sense of the 360 feedback?

As my coach, you helped me to work out which of the feedback was accurate and important to work on and which was just "noise", to do with other people's agendas. You were also very good at smoothing down my initial reaction to the more negative aspects of the feedback, slowing me down to help me understand the significance of the negatives while making sure I wasn't crushed by them, reminding me of the positives at the same time. That was essential. I also sat down with a close colleague, one of the 360 interviewees, whom I really trusted and we went through the 360 report together. Their first-hand understanding of what was going on in the organisation complemented your external perspective, helping me to sift through the feedback to focus on what was most important to work on.

Were there any things about the Bespoke 360 process which you found frustrating?

I did try to guess who made each comment in the 360 report but you wouldn't tell me! Seriously, the careful management of confidentiality was crucial to give me trust in the process. It was vital that I was the only one with authority to read the report and decide who, if anyone, to share it with. The report had the potential to be quite a controversial document if it had been misused but my organisation was, quite rightly, not given access to the report without my say so, even though they paid for it.

How did you feel the Bespoke 360 worked as a part of your coaching assignment?

I don't actually know how you could have an executive coaching assignment without a Bespoke 360. If the point of a coaching assignment is to become a better leader you need to know what you need to fix, don't you? How can you do that without getting honest feedback from people who work with you? I think your support in the coaching was central to the 360 exercise as I was able to interpret the feedback in the right way and make a balanced decision about how to act on it.

"I don't actually know how you could have an executive coaching assignment without a Bespoke 360."

What was the biggest benefit you yourself got from the Bespoke 360?

The biggest benefit was that it helped me to understand my working persona and how it filtered out to lots of different people in lots of different ways. It also made me much more aware of the way I talk to people and the way I do things. That helped me to make changes for the better. You can't go through your life managing working relationships, or any relationship for that matter, without stopping at some point and listening to what people are saying to you. If you don't stop and listen you won't progress.

Do you think it was necessary to go to the expense of an externally generated Bespoke 360?

I think it's absolutely essential that the 360 exercise is carried out by an external consultant because companies can have internal agendas and I would not have been totally comfortable if the exercise had been carried out internally. In fact I would have said I'm just not going to do it. A 360 process should not be done clumsily or lightly or the recipient could come spinning off the track because of the negative feedback. I think there is a big value add in all the time you spent with me before the 360 was carried out as it enabled you to tailor the questions and probe into interesting areas. Without your expert questioning and listening I don't think the feedback would have been nearly as rich.

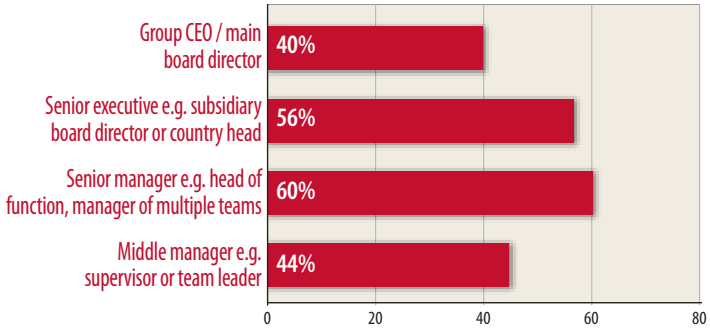
Do you think your company got value for money from the Bespoke 360 exercise?

I think getting the quantity and quality of 360 feedback delivered through you, within the context of a professional coaching relationship, has definitely made me a better business person and a better leader. That must benefit the company in the end. The cost of the work should always be a consideration but as a proportion of my remuneration and the value I was responsible for creating for my company it was tiny, so I definitely think it represented value for money for the company.

Many thanks for your time and your very interesting observations.

The purpose of this section is to present 2011 Ridler Report data which has not been able to be incorporated in the rest of the report.

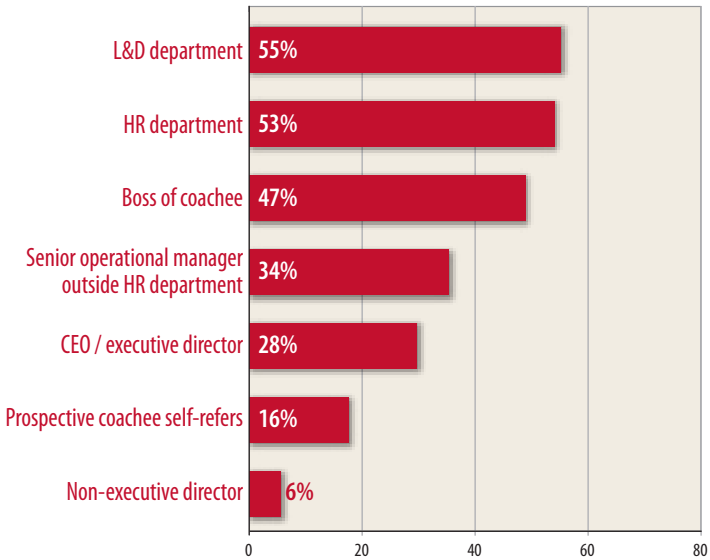
Chart 9: Growth in future use of executive coaching by level of seniority of coachee



Percentage expecting a *small increase* or *large increase* in use of executive coaching over the next 3-5 years

- As noted on page 4, buyers of coaching perceive senior leaders one to three levels below main board level to be the most receptive to executive coaching and to have the most potential to generate a high return on executive coaching for their company.
- It follows that these levels (senior executive (56%) and senior manager (60%)) are where buyers are expecting the strongest growth in their use of executive coaching over the next three to five years.
- Slightly less than half of Ridler Report contributing organisations also expects increases in main board and middle management coaching over the same time period.

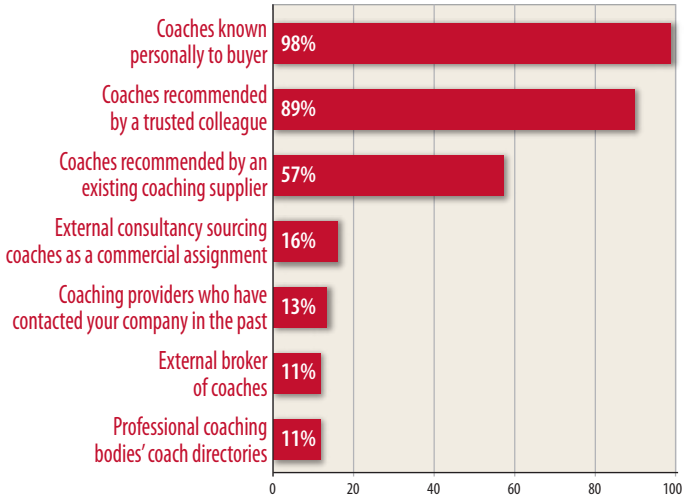
Chart 10: Area of the company which identifies the need for a senior level coaching intervention



Percentage indicating area of company *often* or *very often* identifies need for coaching

- The Learning and Development (55%) and Human Resources (53%) departments are the most likely areas to identify the need for a senior level executive coaching intervention.
- Many contributing companies have highlighted in interviews with Ridler & Co the importance of the following company processes, where HR, L&D and the coachee's boss all play key roles, in identifying coaching needs: succession planning; high potential assessment; appraisal; personal development planning; talent review.
- Self-referral (16%) is not generally a major instigator of executive coaching, indicating perhaps coachees' lack of awareness of what coaching can do for them and a hesitancy to ask for executive coaching unless it is first offered.

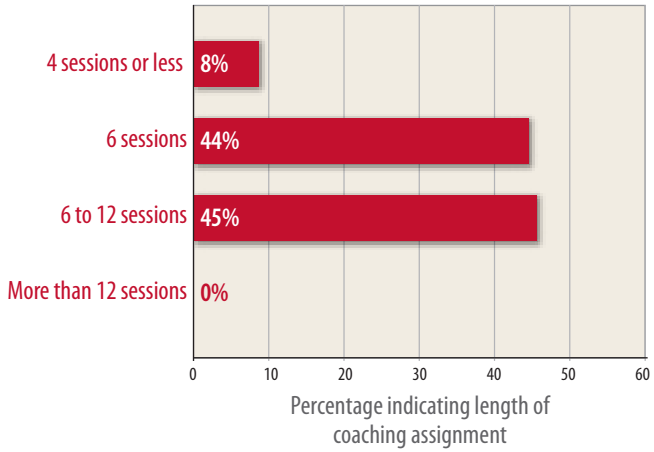
Chart 11: Sourcing external executive coaching



Percentage indicating source *useful* or *most useful* when considering recruiting external coaches

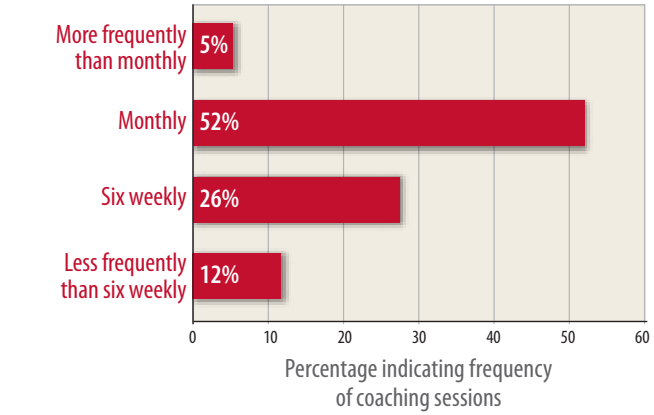
- Buyers of coaching overwhelmingly prefer to use executive coaches whom they know personally (98%) or whom a trusted colleague has recommended (89%), especially if the latter is an HR or L&D colleague or a senior leader who can testify to the organisational as well as individual benefits experienced with a particular coach.
- In interviews with Ridler & Co buyers emphasised the perceived risks in using a coach of whom they have no direct experience (see Chart 15 opposite) and the difficulty of assessing coaches' ability before they had first-hand experience of the coach's effectiveness.
- Where buyers have developed a relationship of trust with an existing coaching supplier they often feel a sense of confidence in that supplier's coach selection policy and ability to get the right match of their coaches with potential senior executive clients, hence find the supplier's coach recommendations useful (57%).
- External brokers are used relatively infrequently to source coaches (11%) and anecdotal evidence from the Ridler Report research process indicates that coaches sourced through brokers tend not be used at the most senior levels in client organisations.

Chart 12: Typical length of a senior level coaching assignment



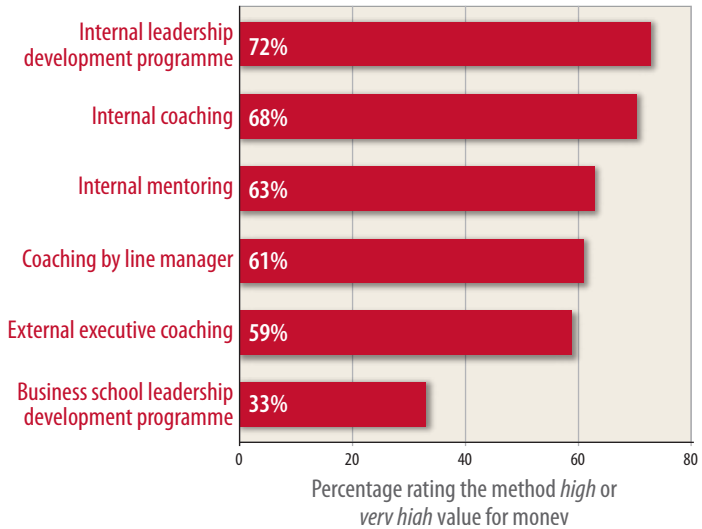
- The typical length of a senior level coaching assignment is, quite clearly, between six and twelve sessions.

Chart 13: Frequency of coaching sessions



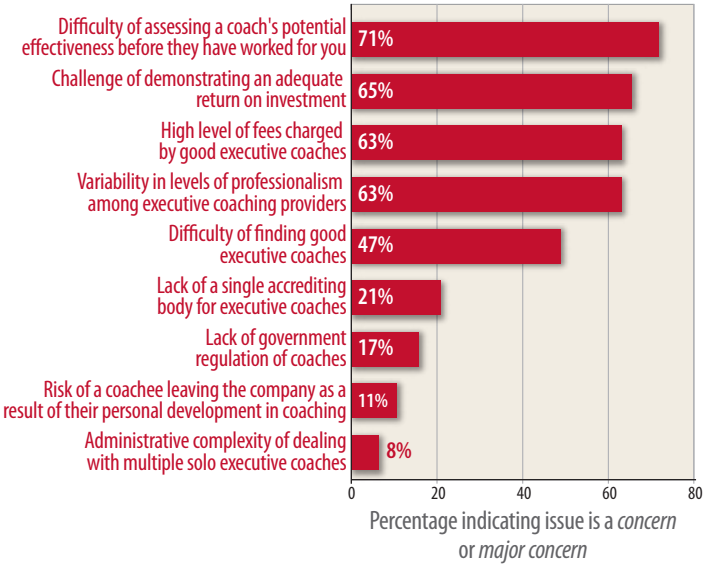
- The frequency of coaching sessions in a senior level coaching assignment is typically monthly (52%), with a significant proportion of coaches and coachees meeting six weekly (26%).

Chart 14: Value for money of various methods of developing senior executive leadership capability



- One might have anticipated from page 5 (Balancing internal and external coaching) that internal leadership development methods would be considered better value for money than external – as indeed they are.
- External executive coaching value for money holds up pretty well at 59%. Many buyers expressed the view that if a coach (internal or external) is the catalyst for a significant positive shift in a senior leader's effectiveness the cost of the coaching assignment is miniscule compared with the resulting value which can be generated.

Chart 15: Buyers' concerns about coaching



- Buyers consider the difficulty of assessing a coach's potential effectiveness before the coach has worked for the buyer to be the greatest concern of all the potential concerns set out in the 2011 Ridler Report questionnaire (71%). The time and cost of assessing new coaches is considerable and even after the assessment process has been completed there is still perceived to be a risk that the coach may not gel with the coachee or that coach and coachee may get on famously but under-deliver for the organisation.
- The challenge of demonstrating an adequate return on investment in coaching is a serious concern (65%), reflecting the difficulties articulated on page 9 of quantifying financially the return and the complexity of demonstrating whether coaching objectives have been met in the past.
- The high fees charged by good coaches are clearly a concern (63%). Perhaps one of the drivers of high external executive coaching fees is a scarcity of proven and experienced coaching professionals at a senior level, evidenced by the significant concern (47%) expressed by buyers about finding good coaches.
- Variability in levels of professionalism in coaching providers is a significant concern (63%). Over time, buyers are becoming clearer and more demanding about what they look for in coaching professionalism (see page 7 – coach characteristics).
- There is less concern about the lack of government regulation (17%) and lack of a single accrediting body for executive coaches (21%).

RIDLER REPORT RESEARCH METHODOLOGY AND ACKNOWLEDGEMENTS

Ridler & Co is committed to understanding and sharing with the market place the evolving needs of users of executive coaching, through formal research in the biennial Ridler Report.

The 2011 Ridler Report is based on an intensive programme of research between October 2010 and April 2011.

Sixty-four companies participated in the 2011 Ridler Report by completing the on-line questionnaire. The companies included 3i, Aegon, AMEC, Antares Underwriting, ARM, Baker & McKenzie, Baker Tilly, Barclays Capital, BBC, Bentley Motors, Berwin Leighton Paisner, Bird & Bird, Bombardier, BSkyB, Bupa Health & Wellbeing, Compass, Dairy Crest, Deloitte, Deutsche Bank, E.ON, ERM, Ernst & Young, Fujitsu, Grant Thornton, Guardian News & Media, Hermes Fund Managers, Hess, John Lewis, KPMG, Linklaters, Maersk, National Grid, Old Mutual, PricewaterhouseCoopers, Qinetiq, Rathbone Brothers, Scottish Power, Simmons & Simmons, Société Générale, Thomson Reuters, TNT, Veale Wasbrough Vizards, Warburtons, WDT and Xchanging.

Ridler Report questionnaire respondents were senior individuals from the above organisations, from Operations, Human Resources, Learning and Development, Talent, and specialist internal coaching professionals engaged in commissioning internal and external executive coaching.

Ridler & Co would like to thank all these companies, many of which were also interviewed. We are especially grateful to Rebecca Grace from BSkyB, Ian Paterson from Ernst & Young and Tony Denton from Molson Coors for generously giving their time in the presentation of case material – and to the nine contributing organisations who gave us their permission to be quoted from interviews.

We would like to thank the anonymous interviewee for generously giving time to share their experience of the Bespoke 360.

We would like to thank Liz Hall, Editor of Coaching at Work magazine, and Doug Ready and Jackie Dufault at ICEDR for their circulation of the Ridler Report findings to a wider and even more international readership.

We would like to thank Nick Smith of Word Smiths for his excellent design and typesetting – for the fourth time in four Ridler Reports.

We would also like to thank Paul Ellis for his excellent review of the final draft of the report and Carol Braddick for her valued early input into the report's structure.

Laura Taylor, Director of Ridler & Co, oversaw the report's design and production and reviewed all written material and data.

Ridler & Co's team of executive coaches – Mike Barkham, David Findley, Patricia Hodgins, Dena Michelli and Jane Millar – all made important contributions to the report.

Ridler & Co welcomes views on the Ridler Report, especially from users of executive coaching – please contact: Clive Mann on +44 20 7112 6750 or clive.mann@ridlerandco.com.

ABOUT RIDLER & CO

Ridler & Co is a senior level executive coaching practice based in Mayfair, central London. We work with leaders in the corporate and public sectors. Our clients are senior leaders with responsibility for determining the future direction of their organisation, typically CEOs, Directors, senior executives and Partners in professional services firms. We also work with top teams and Boards.

Ridler & Co's mission is to help leaders to build the connection between who they are, what they do and the results they deliver.

We believe this process of alignment is vitally important. Bringing together the leader's personal credo (who they are) with their business role (what they do) enhances their performance and connects this powerfully with the organisation's success (the results they deliver).

The approach is rigorous, addressing how leaders can discover and mobilise the full range of their personal resources – motivations, talents and interests – using these more fully and effectively in the service of their individual and organisational goals.

The results are that our clients' organisations move closer to their goals, deliver impressive financial results and our individual clients sustain the upward momentum in their careers.

Ridler & Co's approach also brings wider benefits to our individual clients, their colleagues and families. Through working with us, they:

- Become more energised and forward-thinking
- Focus more clearly on what really matters to drive their organisations forward
- Are better able to manage challenging work relationships and to motivate their teams
- Have a clearer sense of their own professional direction and how this aligns with their organisation's strategic goals
- Achieve the right personal balance between their work drivers, their values and motivations and their personal family life

Ridler & Co's executive coaches are high calibre and experienced professionals. Through their own extensive senior level business experience and backgrounds, they bring a keen understanding of organisations, the inter-personal dynamics which exist within them and the pressures that are placed on leaders.

Our executive coaches bring many years' experience of executive coaching – inside major organisations, with world class business schools and in independent professional practice.



Clive Mann
Managing Director & Founder



Laura Taylor
Director



David Findley
Associate Director



Mike Barkham
Senior Associate



Patricia Hodgins
Senior Associate



Dena Michelli
Senior Associate



Jane Millar
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developing leaders, delivering results



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Design & typesetting: www.word-smiths.co.uk